

THE MINERAL INDUSTRY OF UGANDA

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The East African country of Uganda was known to produce cobalt, columbium (niobium), gold, iron ore, steel, tantalum, tin, and tungsten. Uganda also produced such industrial minerals as gypsum, kaolin and other clays, lime, salt, talc, and vermiculite, and such building materials as cement, limestone, and pozzolanic materials.

Uganda's gross domestic product (GDP) increased by 5.9% in 2004 after rising by 4.7% in 2003. The GDP was \$44.7 billion based on purchasing power parity, and the per capita GDP based on purchasing power parity was about \$1,700. In 2003, construction accounted for 10% of the GDP; manufacturing, 9%; water and electricity, 1%; and mining and quarrying, 1% (Uganda Bureau of Statistics, 2004, p. 184; International Monetary Fund, 2005, p. 206; 2005¹).

In July 2004, the Parliament of Uganda authorized the Government to borrow \$42.3 million from the African Development Fund, the Nordic Development Fund, and the World Bank Group to finance the Sustainable Management of Mineral Resources Project, which would assist Uganda in increasing production and tax revenues from its mining sector (Mutumba, 2004).

Commodity Review

Metals

Cobalt and Copper.—Kasese Cobalt Company Ltd. (Blue Earth Refineries Ltd., 75%) produced refined cobalt from the Kilembe stockpile. In May 2004, operations restarted because of higher cobalt prices; production amounted to 436 metric tons (t) by yearend. Blue Earth was spun off by parent company MFC Bancorp Ltd. in late December. In 2004, cobalt exports amounted to \$10 million, or 1% of total exports (Bank of Uganda, 2004, 2005; MFC Bancorp Ltd., 2005).

In September 2004, Uganda Gold Mining Ltd. (UGM) of Canada signed an agreement with the state-owned Kilembe Mines Ltd. in which UGM could earn a 70% interest in the Kilembe copper-cobalt mine by conducting exploration and a feasibility study. The Kilembe Mine has not produced since 1977. In 2004, Signature Resources Ltd. obtained exclusive prospecting licenses adjacent to the Kilembe Mine and near Kafunzo (Uganda Gold Mining Ltd., 2004).

Columbium (Niobium) and Tantalum.—M/S Technical Support and Services Ltd. produced 30 kilograms per day of tantalite from tailings at the Wampewo Mine in 2003. In 2004, national production of columbite-tantalite concentrate fell to 4,200 kilograms (kg) from 16,240 kg in 2003 (Uganda Ministry of Energy and Mineral Development, 2004, p. 31).

Gold.—M/S Busitema Mining Company Ltd. produced 37 kg of gold in 2003. Production was inhibited by an unstable electricity supply. In 2004, Canmin Gold Ltd. [a subsidiary of International Business Investments Corp. (IBI)] explored for gold in Busia, which is located in southeastern Uganda. Glencar Mining plc of Ireland explored for gold at Buinja. In 2004, gold exports were \$73.8 million, or 10% of total exports. The majority of gold exports was reported to be re-exports from Congo (Kinshasa) (Bank of Uganda, 2004, 2005; Uganda Ministry of Energy and Mineral Development, 2004, p. 33; International Business Investments Corp., 2005).

Iron and Steel.—The Madhvani Group of Uganda planned to restart production of rebar at its rolling mill Steel Corp. of East Africa Ltd. Madvanhi was considering reopening plants in Nairobi to provide the mill with a steady supply of billet (Metal Bulletin, 2004).

Industrial Minerals

Cement.—Uganda's cement production rose to 507,068 t in 2003 from 505,959 t in 2002 and 321,329 t in 1998. By 2005, Hima Cement Industries Ltd. and Tororo Cement Industries Ltd. planned to complete expansions at a cost of \$30 million and \$45 million, respectively. Hima's clinker plant and Tororo's cement plant would each have a capacity of 365,000 metric tons per year (t/yr) (World Bank Group, 2003, p. 58-59; Uganda Bureau of Statistics, 2004, p. 163).

Clays.—S.L.P. Engineering Co. Ltd. mined small amounts of kaolin at Migadde until 2003, when production shut down because of poor market conditions. Muhindo Enterprises Ltd. planned to start kaolin production in 2005. The company planned to produce 150,000 t/yr of kaolin at a value of \$7.5 million; 50,000 t/yr of metakaolin at a value of \$5 million; and 30,000 t/yr of aluminum sulfate at a value of \$9 million. By late 2004, Muhindo had invested \$4 million in the project; the company planned to triple or quadruple its production in 10 to 15 years. Kaolin was expected to be consumed domestically in floor and wall tiles (Ssonko, 2004; Uganda Ministry of Energy and Mineral Development, 2004, p. 31).

Stone, Crushed.—The production of limestone rose to 272,325 t in 2004 from 226,408 t in 2003. In 2004, Zzimwe Construction Ltd. commissioned Uganda's largest quarry in Mukono District at a cost of \$2 million. The crushing plant was expected to produce 1,400 tons per day of stone, or 19% of national crushed stone production, for asphalt, housing, road base, and other applications. The project was expected to have a life of 55 years (Lumu, 2004).

¹ A reference that includes a section mark (§) is found in the Internet Reference Cited section.

Vermiculite.—Canmin Resources Ltd. (a subsidiary of IBI) produced vermiculite at the Namekera Mine. In 2004, the company's production increased to 2,688 t from 1,724 t in 2003. About 3% of the company's sales were to Ugandan consumers in 2004 (International Business Investments Corp., 2005).

Mineral Fuels

Petroleum.—Uganda did not have production facilities for crude petroleum or petroleum products. In 2004, imports of refined petroleum products amounted to \$145.3 million, or nearly 10% of total imports. Heritage Oil Corp. abandoned a well in Block 3 on Lake Albert. In July, Heritage and Energy Africa Ltd. signed an agreement for Block 1, which covered the Pakwach Basin (Africa Energy Intelligence, 2004; Bank of Uganda, 2004, 2005).

Infrastructure

Uganda's electricity production increased to 1,757 gigawatthours (GWh) in 2003 from 1,702 GWh in 2002 and 1,342 GWh in 1999. Most domestic production came from hydroelectric power sources. In 2003, Uganda had a generating capacity of 303 megawatts (MW); peak demand was 279 MW of capacity. Exports of electricity amounted to \$12.1 million, or 2% of total exports (Bank of Uganda, 2004, 2005; Uganda Bureau of Statistics, 2004, p. 164).

Outlook

The International Monetary Fund (2005, p. 208) predicted that Uganda's GDP would grow by 5.2% in 2005 and 6.4% in 2006. Depending upon world market conditions and current and future investments in the minerals sector, the value of mineral production could rise to between \$128 million and \$203 million in 2008 from \$41 million in 2000 (World Bank Group, 2003, p. 58-59).

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TABLE 1
UGANDA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons unless otherwise specified)

Commodity ²	2000	2001	2002	2003	2004
Cement, hydraulic	367,470	431,084 ^r	505,959	507,068 ^r	520,000 ^e
Clay:					
Kaolin	14	90	178	-- ^r	--
Other	NA	73,505	44,790	44,000 ^{r, e}	44,000 ^e
Cobalt, refined	420	634	450 ^e	--	436
Columbite-tantalite, ore and concentrate:					
Gross weight kilograms	2,712	11,092	6,463	16,240 ^r	4,200
Nb content do.	992	5,211	3,036	7,600 ^r	2,000 ^e
Ta content do.	689	2,979	1,736	4,400 ^r	1,100 ^e
Gold, mine output, Au content ³ do.	56	(4)	3	40 ^r	178
Gypsum	--	--	5	43 ^r	164
Iron ore	4,632	1,236	--	--	--
Lime, hydrated and quick ^e	10,000	10,000	10,000	10,000	10,000
Limestone	253,032	229,792	140,022	226,408	272,325
Pozzolan materials	35,603	22,782	12,388	65,587 ^r	66,000 ^e
Salt ^e	5,000	5,000	5,000	5,000	5,000
Steel ^e	7,000	7,000	7,000	7,000	7,000
Tin, mine output, Sn content	(4)	18	--	1 ^r	3
Tungsten, mine output, W content	(4)	17	16	1 ^r	12
Vermiculite	--	200 ^r	664	1,724	2,688

^e Estimated. ^r Revised. NA Not available. -- Zero.

¹ Includes data available through June 29, 2005.

² In addition to the commodities listed, corundum, lead, marble, sand and gravel, silica sand, and soapstone are presumably produced, but information is inadequate to estimate output.

³ Does not include smuggled artisanal production.

⁴ Less than ½ unit.

TABLE 2
UGANDA: STRUCTURE OF THE MINERAL INDUSTRY IN 2004

(Metric tons unless otherwise specified)

Commodity	Major operating companies	Location of main facilities	Annual capacity
Cement	Hima Cement Industries Ltd. (Bamburi Cement Ltd., 70%)	Kasese	300,000
Do.	Tororo Cement Industries Ltd.	Tororo	220,000
Cobalt, refined	Kasese Cobalt Company Ltd. (Blue Earth Refineries Ltd., 75%; Government, 25%)	Kasese	1,000
Columbium and tantalum	M/S Technical Support and Services Ltd.	Wampewo	11,000 ^e
Gold kilograms	M/S Busitema Mining Company Ltd.	Busitema	NA
Lead, refined secondary	Uganda Batteries Ltd.	Kampala	1,000
Soapstone	African Minerals Ltd.	Moroto	NA
Steel: ¹			
Crude ²	Steel Corp. of East Africa Ltd. (subsidiary of Madhvani Group)	Jinja	25,000
Do.	Steel Rolling Mills Ltd. (subsidiary of Alam Group Ltd.)	do.	21,000
Billet ²	Steel Corp. of East Africa Ltd. (subsidiary of Madhvani Group)	do.	60,000
Rolled ²	do.	do.	101,200
Do.	Steel Rolling Mills Ltd.	do.	24,000
Do.	BM Technical Services Ltd.	Mbarara	20,000
Do.	Sembule Steel Mills Ltd.	Kampala	20,000
Stone, crushed	Hima Cement Industries Ltd.	Cave Hill, ³ Lime Kiln Hill, and Tank Hill ³	NA
Do.	Kilembe Mines Ltd.	Hima	NA
Do.	Hima Cement Industries	Dura, ³ Hima, and Suka ³	NA
Do.	Zzimwe Construction Ltd.	Mukono District	690,000
Tungsten	Krone Uganda Ltd.	Nyamurilo	115
Vermiculite	Canmin Resources Ltd. (subsidiary of International Business Investments Corp.)	Namekara	25,000

^eEstimated. NA Not available.

⁵In addition to its crude, billet, and rolled steel facilities, Uganda has a galvanized steel plant with a capacity of 30,000 metric tons per year.

²Not operating in 2004.

³Not operating in 2003; more recent information is not available.